

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /068 R

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EUR/WE:J LIMBRECHT (INFO)

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R 051459Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY MADRID

UNCLAS STATE 028212

E.O. 11652: N/A

TAGS: EFIN, AR

SUBJECT: DEFAULTS BY ENTRECANALES Y TAVORA S.A. AND MATERIALES
Y TUBOS BONNA, S.A. - FCIA CLAIM ME-657-X

REF: MADRID 7696 (11/4/75)

1. DURING A MEETING WITH GABINO GUEDAN, ENTRECANALES Y TAVORA, CONTINENTAL'S SPANISH REPRESENTATIVE ERIK JURGENSEN LEARNED THAT THE TWO PEOPLE THAT SIGNED THE PROMISSORY NOTES WERE NOT EMPLOYEES OF THE SPANISH FIRMS BUT WORK IN ARGENTINA, AND THEREFORE, NO GUARANTEE HAS BEEN REGISTERED WITH THE PROPER AUTHORITIES IN SPAIN.

2. IT IS FACTUAL THAT THERE ARE TWO FIRMS IN ARGENTINA WITH THE SAME NAMES AND WE UNDERSTAND THEY ARE JUST "FRONTS" FOR THE SPANISH COMPANIES. THE "TWO PEOPLE" THAT SIGNED THE NOTES ARE MARIANO GONZALEZ BECERRA, APODERADO, ENTRECANALES Y TAVORA S.A. AND SANTIAGO ARTEAGA, APODERADO, MATERIALES Y TUBOS BONNA, S.A. THE INSURED, ALLIS-CHALMERS, STATES THAT THESE INDIVIDUALS ARE DIRECTORS OF THE SPANISH FIRMS AND THAT AS A CONSEQUENCE THE
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SPANISH FIRMS ARE LIABLE. THE INSURED ALSO STATES THAT THE

FUNDS FOR SOME OF THE EARLIER MATURITIES WERE PAID BY THE SPANISH GUARANTORS.

3. THE FCIA POLICY WAS ISSUED ON CONDITION THAT THE OBLIGATIONS ARE GUARANTEED BY THE SUBJECT FIRMS OF MADRID, SPAIN, NOT BUENOS AIRES, ARGENTINA. THE INSURED MAINTAINS THEY ARE, BUT CONTINENTAL BANK HAS INDICATED THEY ARE NOT. AS ASSIGNEE UNDER THE POLICY CONTINENTAL IS PRESSING ITS CLAIM WHICH EXIMBANK WILL HAVE TO PAY IRRESPECTIVE OF THE INSURED'S COMPLIANCE WITH THE ABOVE MENTIONED POLICY REQUIREMENT. THE QUESTION IS WHETHER OR NOT EXIMBANK WILL HAVE RECOURSE AGAINST THE INSURED.

4. IT WOULD BE APPRECIATED IF THE EMBASSY COULD OBTAIN A WRITTEN STATEMENT FROM THE ABOVE SPANISH FIRMS EITHER ACKNOWLEDGING OR DISAVOWING THEIR RESPECTIVE GUARANTEES. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE COMPLAINTS, BANKRUPTCIES, INVESTMENT GUARANTEES, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE028212
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:PJVATTER/MAW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760044-0728
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760278/aaaacqje.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 MADRID 7696
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUN 2004 by BrownAM>; APPROVED <15 DEC 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEFAULTS BY ENTRECANALES Y TAVORA S.A. AND MATERIALES Y TUBOS BONNA, S.A. - FCIA CLAIM ME-657-X
TAGS: EFIN, AR, SP, ENTRECANALES Y TABORA S A, MATERIALES Y TUBOS BONNA S A
To: MADRID
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006